Paul Noe — Governor’s carbon bill would make mills less competitive

By Paul Noe, American Forest & Paper Association

Recent news from coastal Washington and the Olympic Peninsula has provided a glimpse into the future of a paper and wood products industry that plays a critical role in the region’s economy. Investments in local facilities are helping them compete in the new efficient manufacturing, carbon neutral energy economy. The question is whether state policies collectively are going to help or hinder that competitiveness.

Despite being buffeted by severe headwinds over the previous several years, the forest products industry still makes a significant contribution to this area and even Washington state more broadly. Last year almost 30,000 Washingtonians worked in the industry in nearly 200 different manufacturing facilities. Workers at these facilities took home nearly $2 billion in payroll income and their employers paid state and local taxes worth more than $200 million.

This industry not only contributes to economic growth, it contributes to a cleaner environment as well. Mills using technology similar to the new boilers announced in this area recently convert biomass residuals left over from their manufacturing processes to energy. Nationwide this sustainable use of forest products manufacturing residuals to power their facilities provides enormous greenhouse gas benefits by avoiding the emission of about 181 million metric tons of CO2e. This is equivalent to removing about 35 million cars from the road.

This focus on efficient manufacturing and carbon neutral energy has contributed to a cleaner Washington. The state’s greenhouse gas emissions actually fell by 3 percent between 2005 and 2011. In fact, Washington’s per capita greenhouse gas emission rate is already 36 percent lower than the national average.

Given these factors Washington is well positioned to achieve a healthy balance of creating jobs for Washington families while protecting the environment as long as it balances its energy and environmental policies as well.

Unfortunately that balance is threatened by proposed state legislation known as the Carbon Pollution Accountability Act (CPAA). The CPAA would impose a series of requirements on businesses like those in the forest products sector that fail to recognize the role the industry plays in addressing greenhouse gas emissions. This approach would seriously undermine industry competitiveness.

A signature component of the bill is a cap-and-trade program for emissions that is limited to Washington state. This would put forest product mills in the state at a competitive disadvantage from those in other states who didn’t have to operate under such a system. While this proposal would do nothing to address the global or regional problem of emissions, it would make it more likely that Washington mills have to close their doors.

As noted above, Washington’s forest product mills have also made significant investments to improve their energy efficiency and reduce indirect emissions that come from having to buy electricity from other sources. Yet the CPAA doesn’t recognize the contributions these investments have made. This focus on efficiency has been an important part of the state’s success in reducing emissions and the law should recognize it and incentivize more of it.

These are just two examples of the threat a complicated, government-run program to regulate carbon emissions poses to the balance Washington needs to strike to create economic opportunity and protect the environment. State lawmakers should create opportunities to bring together Washingtonians to identify solutions that achieve that balance.

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